

HOUSING NOW

Canada



Canada Mortgage and Housing Corporation

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Canadian Market Overview

New Home Market

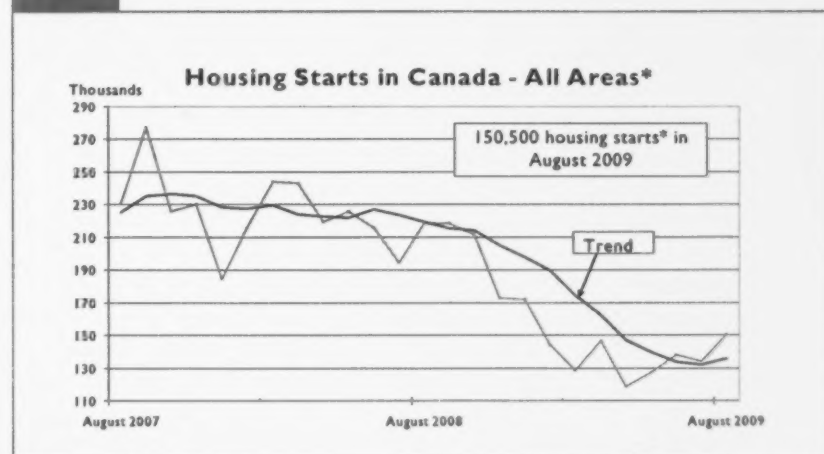
Housing starts move higher in August

The seasonally adjusted annual rate¹ of housing starts was 150,500 units in August, up from 134,200 units in July.

The rise in August housing starts reflects a rebound in

both the single and multiple segments. In particular, the strong results achieved this past month can be attributed to the multiple starts increase in all five regions. An improvement that is consistent with CMHC's expectation of stronger housing starts in the second half of 2009.

Figure 1



Source: CMHC

* Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

¹ All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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Both urban multiple and single starts were up in August

The seasonally adjusted annual rate of urban starts increased 14.1 per cent to 131,900 units in August compared to 115,600 units in July. Urban multiple starts rose 23.8 per cent to 77,600 units, while urban single starts moved higher by 2.6 per cent to 54,300 units in August.

Urban starts up in all five regions

August's seasonally adjusted annual rate of urban starts increased in all five regions. Urban starts grew by 56.0 per cent to 17,000 units in British Columbia, by 16.1 per cent to 23,800 units in the Prairies, by 13.8 per cent to 42,000 units in Ontario, by 9.6 per cent to 8,000 units in Atlantic Canada, and by 2.8 per cent to 41,100 units in Quebec.

Rural starts were estimated at a seasonally adjusted annual rate of 18,600 units in August.

Year-to-date actual starts down compared to 2008

Year-to-date actual starts in rural and urban areas combined decreased by an estimated 30.0 per cent compared to relatively high levels during the first eight

months of 2008. Actual urban single starts for January to August 2009 are down 36.5 per cent compared to a year earlier while urban multiple starts are down 44.6 per cent over the same period. On a year-to-date basis, actual total housing starts in urban areas have decreased by an estimated 41.4 per cent compared to the same period in 2008.

Growth in new house prices moderates in July

The New Housing Price Index (NHPI), fell by 3.2 per cent year-over-year in July. This was the seventh consecutive monthly decline in the index.

In July, however, new home prices increased in 13 out of 21 centres. The strongest increases in the NHPI were in St. John's (7.0 per cent), Quebec city (6.8 per cent), and Moncton (2.7 per cent). The centres that registered double digit declines in the NHPI were Edmonton (-11.1 per cent), Saskatoon (-10.6 per cent), and Victoria (-10.5 per cent).

Existing Home Market

MLS® sales moderate in August

The seasonally adjusted annual rate of MLS® (Multiple Listing Service®) sales moderated by

0.6 per cent to 509,112 units in August, compared to 511,992 units in July.

For the first eight months of the year, actual MLS® sales were down 3.6 per cent to 316,485 units compared to the same period in 2008.

MLS® new listings decreased in August

The seasonally adjusted annual rate of MLS® new listings in August decreased by 2.0 per cent to 804,216 units, compared to 820,572 units in July.

Actual new listings for the first eight months of 2009 were down 13.8 per cent compared to the same period in 2008.

Sales-to-new-listings ratio up in August

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio². New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

Canada's existing home market dipped briefly into buyers' market territory in late 2008 and in January 2009. In the past seven months, however, an increasing sales-to-new-listings ratio and stronger price growth have indicated another shift in existing home market conditions.

¹Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

²Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

The Canada-wide seasonally adjusted sales-to-new-listings ratio reached 63.3 per cent in August, indicating a return to sellers' market conditions.

The August seasonally adjusted average MLS® price in Canada increased by 2.0 per cent to \$330,191 compared to \$323,615 in July. The unadjusted MLS® average price was up 11.3 per cent in August compared to a year ago.

The year-over-year increase in the unadjusted MLS® average price is due, mostly, to improved sales in the higher priced markets such as Victoria, Calgary, Toronto, Vancouver, and Edmonton, where actual unit sales in August increased 47.6 per cent, 16.8 per cent,

27.3 per cent, 46.0 per cent, and 8.6 per cent, respectively, on a year-over-year basis.

Economic conditions

Employment increased by 27,100 jobs in August, keeping Canada's employment rate unchanged at 61.4 per cent. The labour force also moved higher in August by 49,100 people which resulted in Canada's unemployment rate rising marginally to 8.7 per cent from 8.6 per cent in July.

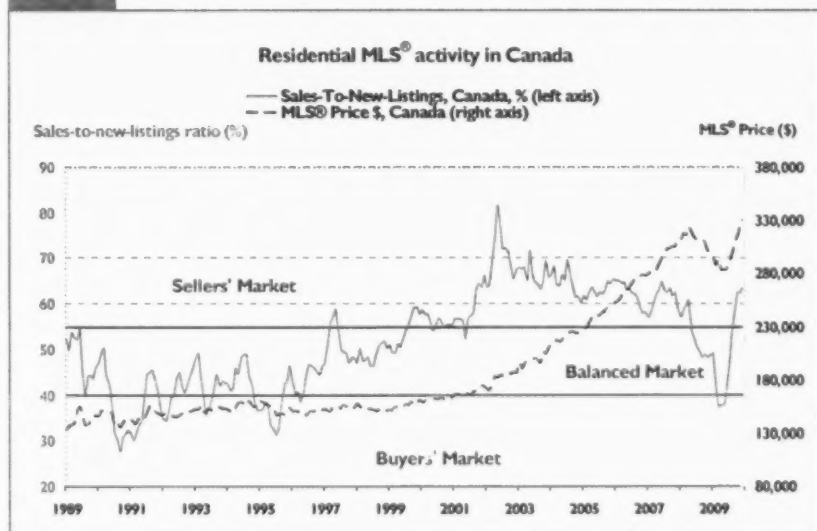
Employment fell in three of the provinces between July and August. Alberta, Saskatchewan, and Prince Edward Island lost 6,700, 3,200 and 700 jobs respectively. The largest increases in employment were

seen in Ontario (12,200 jobs), British Columbia (8,600 jobs), and Quebec (8,300 jobs).

The Bank of Canada maintained its target for the overnight lending rate at 0.25 per cent and reaffirmed its conditional commitment to hold its current policy rate unchanged until June of 2010. According to the Bank of Canada, total CPI inflation is still expected to trough in the second half of 2009 before returning to the two per cent target in the second quarter of 2011.

The Consumer Price Index (CPI) decreased by 0.8 per cent in August 2009 compared to the same month in 2008, following a 1.0 per cent decrease in July 2009. On a seasonally adjusted monthly basis, consumer prices rose 0.3 per cent from July to August.

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

Residential Mortgage Credit Grows in the Second Quarter of 2009

Residential mortgage credit increased by 7.2 per cent in the second quarter of 2009, compared to the second quarter of 2008, to reach about \$922.9 billion.

Low mortgage rates and a rebound in the existing home market led to a continued growth in residential mortgage credit in the second quarter of 2009.

Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector.

Actual MLS® sales were up 1.4 per cent in the second quarter of 2009, compared to the previous year, while the average MLS® price increased by 0.5 per cent year-over-year. As a result, the actual dollar volume of existing home sales rose by 1.9 per cent in the second quarter of 2009 over the same period last year.

Strong renovation spending supports higher mortgage credit

As house prices increased over the past several years, homeowners have been able to use the equity in their home to finance their renovation projects.

Figure 3

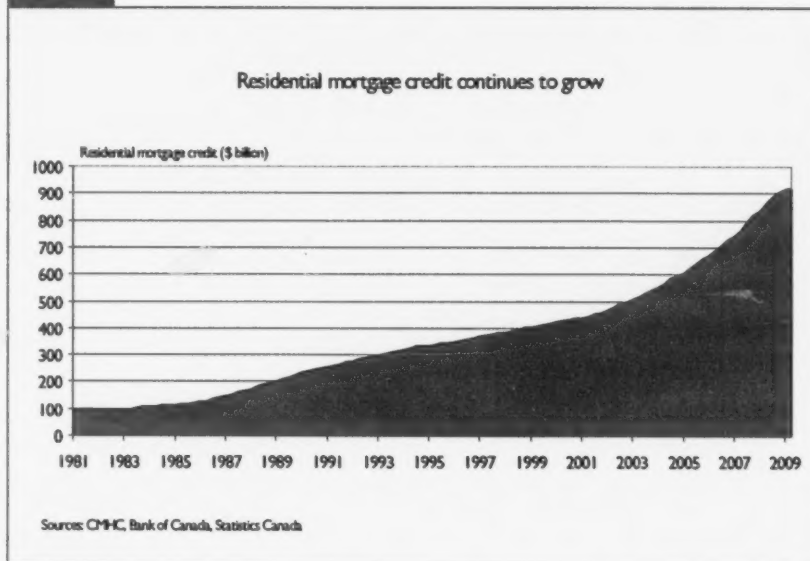
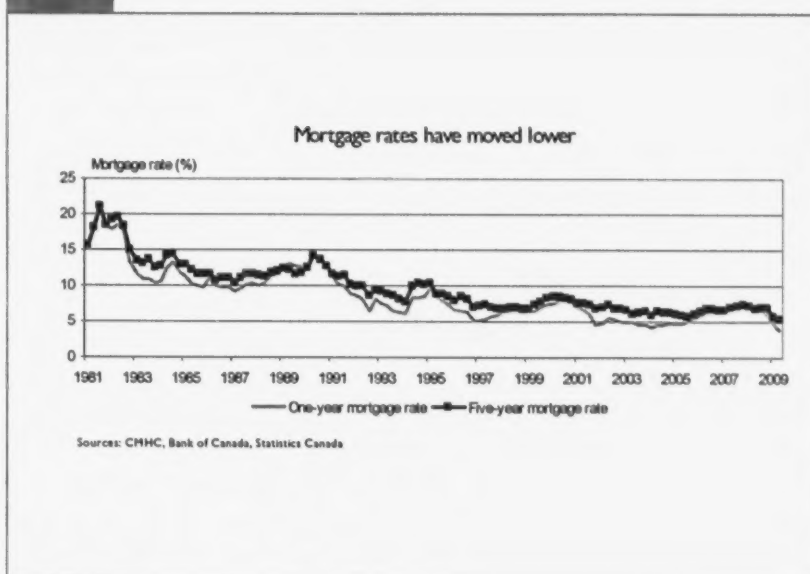


Figure 4



The high level of existing home sales is also contributing to the strong renovation spending and mortgage credit growth as households tend to renovate within the first three years following the purchase of a home. According to CMHC's Renovation and Home Purchase Report of 2009, close to \$21.3 billion was spent on renovations during 2008. In addition, about 40 per cent of households in the ten Canadian markets surveyed renovated their home in 2008. About 46 per cent of homeowners intend to renovate in 2009.

Market shares change slightly

Chartered banks accounted for 70.5 per cent of the residential mortgage loans outstanding in the second quarter of 2009, this is down from 72.4 per cent in the second quarter of 2008. Credit unions followed next with 18.5 per cent, as shown in the table below; this is up from 16.7 per cent in the second quarter of 2008. Together, banks and credit unions comprise approximately 89 per cent of the share of residential mortgage credit.

Other than the change in the shares of chartered banks and credit unions, the overall shares have remained essentially unchanged when compared to the previous four quarters. ■

Share of the stock of residential mortgage credit by institution type (%) *

	2Q08	3Q08	4Q08	1Q09	2Q09
Banks	72.4	72.7	71.4	70.9	70.5
Trusts	1.5	1.5	1.6	1.6	1.6
Caisse & Cr. Unions	16.7	16.6	17.7	18.2	18.5
Life Ins. Co.	2.3	2.3	2.4	2.4	2.4
Pension Funds	2.3	2.3	2.4	2.5	2.5
Others **	4.8	4.6	4.5	4.5	4.5

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

Source: CMHC, Bank of Canada, Statistics Canada.

INDICATORS OF MORTGAGE LENDING ACTIVITY

Mortgage credit outstanding (\$millions)*

	2007	2008	2Q08	3Q08	4Q08	1Q09	2Q09
TOTAL	775,899	871,419	860,742	887,469	906,766	915,490	922,971
% change (year-over-year)	11.6	12.3	12.7	11.8	10.6	9.2	7.2
Banks	442,116	469,576	473,952	488,597	460,198	446,699	444,206
Trusts	8,550	9,802	9,702	10,110	10,226	10,118	10,178
Caisse & Cr. Unions	102,500	110,412	109,342	111,920	113,916	114,712	116,527
Life Ins. Co.	14,790	15,406	15,277	15,534	15,558	15,137	14,968
Pension Funds	13,238	15,105	14,954	15,409	15,553	15,579	16,026
Others **	31,691	31,128	31,219	30,771	29,212	28,189	28,186
Special Purpose Vehicles	24,884	22,729	23,466	22,135	20,598	19,577	18,483
NHA MBS ***	138,130	197,260	182,828	192,993	241,505	265,480	274,396

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

*** CMHC

NHA and Conventional Mortgage Loans Approved*

		2007	2008	4Q07	1Q08	2Q08	3Q08	4Q08
By Type of Lender								
Banks	\$ millions	173,039	160,614	36,652	35,067	48,566	43,357	33,624
	Units	981,764	868,817	200,649	191,400	267,453	229,106	180,858
Trusts	\$ millions	8,506	10,978	2,101	2,759	3,357	2,999	1,863
	Units	49,072	65,610	11,009	14,346	20,013	17,995	13,256
Life Ins. & Others	\$ millions	36,974	44,687	8,599	10,607	13,386	12,223	8,471
	Units	259,840	293,274	60,402	71,045	87,755	78,573	55,901
TOTAL	\$ millions	218,519	216,279	47,352	48,433	65,309	58,579	43,958
	Units	1,290,676	1,227,701	272,060	276,791	375,221	325,674	250,015

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2008	Q4:08	Q1:09	Q2:09	M6:09	M07:09	M08:09
Housing starts, units, 000s							
Canada. Total. All areas	211.1	184.9	139.4	128.1	137.8	134.2	150.5
Per cent change from previous period	-7.6	-11.0	-24.6	-8.1	8.2	-2.6	12.1
Canada. Total. Rural areas	23.7	22.1	19.1	17.7	17.7	18.6	18.6
Per cent change from previous period	-31.5	-16.0	-13.6	-7.3	0.0	5.1	0.0
Canada. Total. Urban areas	187.4	162.8	120.3	110.4	120.1	115.6	131.9
Per cent change from previous period	-3.3	-10.3	-26.1	-8.2	9.5	-3.7	14.1
Canada. Single. Urban areas	74.4	66.9	47.4	49.5	53.1	52.9	54.3
Per cent change from previous period	-18.1	-8.1	-29.1	4.4	7.3	-0.4	2.6
Canada. Multiple. Urban areas	112.9	95.9	72.9	60.9	67.0	62.7	77.6
Per cent change from previous period	9.8	-11.7	-24.0	-16.5	11.3	-6.4	23.8
Newfoundland. Total. All areas	3.3	3.6	3.4	2.8	2.9	2.9	2.4
Per cent change from previous period	23.1	5.9	-5.6	-17.6	3.6	0.0	-17.2
Prince Edward Island. Total. All areas	0.7	0.7	0.4	0.8	1.0	0.6	1.0
Per cent change from previous period	-5.1	16.7	-42.9	100.0	25.0	-40.0	66.7
Nova Scotia. Total. All areas	4.0	3.4	3.7	2.7	2.7	3.3	4.2
Per cent change from previous period	-16.2	-17.1	8.8	-27.0	-6.9	22.2	27.3
New Brunswick. Total. All areas	4.3	4.0	3.3	3.7	3.3	3.8	3.7
Per cent change from previous period	0.8	-2.4	-17.5	12.1	-10.8	15.2	-2.6
Quebec. Total. All areas	47.9	47.7	41.3	39.1	37.9	46.2	47.3
Per cent change from previous period	-1.3	0.2	-13.4	-5.3	-5.5	21.9	2.4
Ontario. Total. All areas	75.1	67.8	54.3	42.6	45.8	39.1	44.2
Per cent change from previous period	10.2	-9.4	-19.9	-21.5	2.9	-14.6	13.0
Manitoba. Total. All areas	5.3	5.8	3.4	4.1	5.0	4.0	5.0
Per cent change from previous period	-3.5	7.4	-41.4	20.6	35.1	-20.0	25.0
Saskatchewan. Total. All areas	6.8	5.3	2.2	3.4	5.1	3.6	5.1
Per cent change from previous period	13.7	-26.4	-58.5	54.5	70.0	-29.4	41.7
Alberta. Total. All areas	29.2	21.9	13.4	16.1	20.0	17.6	18.4
Per cent change from previous period	-39.7	-13.1	-38.8	20.1	40.8	-12.0	4.5
British Columbia. Total. All areas	34.3	24.7	14.0	12.8	14.1	13.1	19.2
Per cent change from previous period	-12.4	-30.0	-43.3	-8.6	20.5	-7.1	46.6

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2008	Q4:08	Q1:09	Q2:09	M6:09	M07:09	M08:09
Canada. Total. Urban areas	187.4	162.8	120.3	110.4	120.1	115.6	131.9
Newfoundland. Total. Urban areas	2.2	2.5	2.4	2.0	2.1	2.0	1.5
Prince Edward Island. Total. Urban areas	0.5	0.6	0.2	0.6	0.8	0.5	0.9
Nova Scotia. Total. Urban areas	3.3	2.9	3.0	2.1	2.1	2.1	3.0
New Brunswick. Total. Urban areas	3.1	2.9	2.4	2.8	2.4	2.7	2.6
Quebec. Total. Urban areas	41.6	40.4	33.1	33.8	32.6	40.0	41.1
Ontario. Total. Urban areas	71.9	65.0	52.3	40.2	43.4	36.9	42.0
Manitoba. Total. Urban areas	3.8	4.4	2.3	2.6	3.5	2.7	3.7
Saskatchewan. Total. Urban areas	4.7	3.5	1.6	2.4	4.1	2.3	3.8
Alberta. Total. Urban areas	25.4	19.1	11.1	13.2	17.1	15.5	16.3
British Columbia. Total. Urban areas	30.9	21.5	11.9	10.7	12.0	10.9	17.0

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2008	Q4:08	Q1:09	Q2:09	M6:09	M07:09	M08:09
New Housing							
New & unoccupied singles & semis, units 000s	7.6	8.5	8.9	8.4	8.0	7.5	6.6
Per cent change from same period previous year	26.2	37.9	29.4	14.8	8.0	2.5	-13.2
New & unoccupied row & apartments, units 000s	9.5	10.6	11.2	12.0	12.4	12.9	13.0
Per cent change from same period previous year	9.9	15.4	21.0	34.6	41.9	41.8	43.9
New House Price Index, 1997=100	158.2	157.7	155.4	153.5	153.2	153.6	n.a.
Per cent change from same period previous year	3.4	0.9	-1.6	-3.1	-3.3	-3.2	n.a.
Existing Housing							
MLS® resales*, units 000s	434.5	346.7	347.3	456.7	497.8	512.0	509.1
Per cent change from same period previous year	-17.1	-32.5	-27.7	-1.4	7.9	11.7	16.7
MLS® average resale price**, \$C 000s	303.6	287.8	285.5	305.2	315.0	323.6	330.2
Per cent change from same period previous year	-0.7	-9.7	-9.3	-1.5	2.1	7.5	10.7
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	6.70	6.10	4.83	3.85	3.75	3.75	3.75
Posted 5-Year Mortgage Rate, % (period average)	7.06	7.05	5.71	5.45	5.85	5.85	5.85

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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